



**B. Smith Reply Affidavit – Attachment A**

**REDACTED FOR  
PUBLIC INSPECTION**



**B. Smith Reply Affidavit – Attachment B**

**REDACTED FOR  
PUBLIC INSPECTION**



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## **Schedule of Attachments**

**Attachment A**

Optional M2A Amendment for Line Splitting

I, Rebecca L. Sparks, being of lawful age and duly sworn upon my oath, do hereby depose and state as follows:

1. My name is Rebecca L. Sparks. My business address is 311 S. Akard, Dallas, Texas 75202. I am Director – Wholesale Marketing for SBC Management Services, Inc. I filed an affidavit in this docket in support of SBC’s application on April 4, 2001.<sup>1</sup>
2. This affidavit, along with others, further demonstrates that Southwestern Bell Telephone Company (“SWBT”) offers to CLECs in Missouri interconnection, unbundled network elements and resale of telecommunications services that fully satisfy the requirements of the section 271(c) checklist and that are consistent with FCC requirements. My affidavit replies to comments on obtaining an interconnection agreement with SWBT, interconnection, access to network elements, resale and pricing.

### **EXECUTIVE SUMMARY**

3. Several parties take issue with the Missouri Public Service Commission (“Missouri PSC”) finding the Missouri 271 Agreement (“M2A”) 271-compliant prior to its availability. Because the M2A contained obligations that go beyond the requirements of the Act, it would have been inappropriate to have this agreement effective prior to a finding by the state commission that the agreement satisfied the competitive checklist under section 271(c). The Kansas and Oklahoma Commission’s review of this identical issue produced the same outcome as the Missouri PSC, and the M2A has been available since before SBC filed its 271 application for Missouri with the FCC.

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<sup>1</sup> Affidavit of Rebecca L. Sparks attached to Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Missouri, CC Docket No. 01-88 (FCC filed Apr. 4, 2001).

4. National ALEC Association/Prepaid Communications Association (“NALA/PCA”) expresses concerns with the M2A and SBC’s 13-state agreement. However, no CLEC is required to adopt the M2A, nor SBC’s multi-state agreements. CLECs have an abundance of choices for obtaining an interconnection agreement with SWBT in Missouri and have the opportunity to tailor an agreement to meet their particular business plan.
5. SWBT has a binding obligation to provide terms and conditions for collocation under the M2A. McLeodUSA, Inc (“McLeod”) claims that SWBT has failed to provide collocation consistent with FCC requirements. In fact, there can be no doubt that the terms and conditions available to CLECs in Missouri meet the FCC requirements because they are the same terms and conditions the FCC reviewed and approved in Kansas.
6. McLeod also claims that SWBT requires CLECs to have a point of interconnection in every exchange outside of the Missouri-specific Metropolitan Calling Area. This simply is a misrepresentation of the facts. The M2A clearly contains language for single point of interconnection within the LATA in section 1.3 of Attachment 11 – Network Interconnection Architecture. This language is virtually the same language that the FCC previously approved as 271-compliant in the Kansas and Oklahoma proceeding.
7. McLeod and Z-Tel both attempt to raise issues that are, in reality, non-existent in Missouri. McLeod first says that it has a concern that special construction charges may be a “potential” problem when needing facilities where none exist today in SWBT’s network. Then, McLeod turns around and admits that it has not experienced this in Missouri. Next, Z-Tel tries to persuade the FCC that SWBT does not allow UNE-P carriers to provide intraLATA toll over UNEs. The M2A language is the same as the

Kansas 271 Agreement (“K2A”) and the Oklahoma 271 Agreement (“O2A”) on this issue and SWBT will interpret it in the same manner. This Commission should once again reject Z-Tel’s claims, as they did in the Kansas/Oklahoma Order,<sup>2</sup> and should disregard McLeod’s attempt to introduce non-existent problems into this proceeding.

8. Several CLECs question SWBT’s compliance with checklist item 14. AT&T attempts to take out of context SWBT’s termination liabilities policy; McLeod quotes language intended solely for retail customers to call into question checklist compliance; and NALA/PCA incorrectly claims that SBC did not address the wholesale discount for resold services.
9. AT&T claims that Missouri UNE rates do not allow for competitor profitability. The FCC recognized that it is not a 271 requirement for ILECs to guarantee a competitor certain profit margins and that the FTA requires rates that are based on cost. In any event, AT&T’s analysis of UNE-P rates in Missouri is flawed.

#### **THE M2A AND OBTAINING AN INTERCONNECTION AGREEMENT WITH SWBT**

10. The Missouri Office of the Public Counsel (at p. 4, 10 – 11), McLeod (at pp. 15 – 16) and El Paso Networks, LLC and PacWest Telecom, Inc. (“El Paso/PacWest” at p. 30) take issue with the Missouri PSC finding the M2A 271-compliant prior to its availability.<sup>3</sup> SWBT proposed to bring the market-opening policies, practices and procedures from the Texas 271 Agreement (“T2A”) to Missouri through the M2A. As the Texas Public

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<sup>2</sup> Memorandum Opinion and Order, Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, CC Docket No. 00-217, FCC 01-29 (rel. Jan. 22, 2001) (“Kansas/Oklahoma Order”).

<sup>3</sup> The M2A was included as Appendix B, Tab 1 to our initial application.

Utility Commission (“Texas PUC”) acknowledged, the T2A included obligations for SWBT which go well beyond the requirements of the FTA. The joint comments of ALTS and the CLEC Coalition filed with the FCC in the review of SBC’s Texas 271 Application also recognize this fact.<sup>4</sup> Because the M2A contains obligations that go beyond the requirements of the Act, it would have been inappropriate to have these agreements effective prior to a finding by the state commission that the agreement satisfied the competitive checklist under section 271(c). Therefore, the M2A contains language in General Terms and Conditions, paragraph 4.1.1, similar to that found to be 271-compliant in the K2A and O2A, that made clear the agreement would become effective conditioned upon the state commission’s support for SWBT’s application for in-region interLATA relief.

11. Irrespective of the fact the Missouri PSC’s review of the M2A was the same on this issue as the Kansas and Oklahoma Commissions, the fact is that the M2A is available today, as it was at the time SBC filed its 271 application for Missouri with the FCC. SWBT has a legally binding obligation to provide the M2A and in fact, nine (9) CLECs in Missouri have adopted the M2A as of May 10, 2001.
12. The NALA/PCA, at pages 6 through 9, takes issue with both the M2A and SBC’s “standard agreement.” First, at page 6, in reference to the M2A, NALA/PCA claims that “[t]his type of state-specific global interconnection agreement suffers significant

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<sup>4</sup> See Initial Joint Comments of ALTS and CLEC Coalition at 16, Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Texas, CC Docket No. 00-65 (FCC filed Apr. 27, 2000); see also Reply Affidavit of Rebecca L. Sparks at 11 – 12, Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File An Application for Authorization to Provide In-Region InterLATA Services Originating In Missouri Pursuant to Section 271 of the Telecommunications Act of 1996, Case No. TO-99-227 (MO PSC filed Sep. 20, 2000).

competitive shortcomings.” In contrast, the state Commissions in Texas, Kansas, Oklahoma and Missouri have found that these agreements are in compliance with the section 271(c) competitive checklist (see, e.g., paragraphs 24 and 29 of my initial affidavit).<sup>5</sup>

13. NALA/PCA then describes concerns regarding SBC’s “standard agreement.” As I described in paragraphs 24 – 31 of my initial affidavit, CLECs have multiple options for obtaining an interconnection agreement with SWBT. The M2A, SBC’s Multi-State Interconnection and Resale Agreement, and SBC’s 13-State Resale Stand Alone Agreement are certainly among those options. The M2A or SBC’s “standard agreement” may not meet the business plans of each and every CLEC wishing to obtain an interconnection agreement with SWBT in Missouri. However, CLECs have other options. First, a CLEC can negotiate (and arbitrate if necessary), an agreement tailored to meet a particular business plan. Second, a CLEC may obtain certain provisions, including all legitimately related terms and conditions of an effective interconnection agreement between another CLEC and SWBT and negotiate the remaining provisions of its own agreement. In addition, a CLEC may obtain the terms and conditions of an entire currently effective Missouri interconnection agreement between SWBT and any other CLEC under the provisions of section 252(i) of the Act.
14. No CLEC is required to adopt the M2A, nor SBC’s multi-state agreements. As described above, CLECs have a plethora of choices for obtaining an interconnection agreement

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<sup>5</sup> In addition, see ¶ 24 of my initial affidavit, since over 150 T2A, K2A or O2A agreements have been executed, scores of CLECs evidently found these to be an effective means for competitive entry.

with SWBT in Missouri and have the opportunity to tailor an agreement to meet their particular business plan.

15. Finally, it has recently come to my attention that the optional Line Splitting Amendment to the M2A was not included in the attachments to my initial affidavit. The optional Line Splitting Amendment, which was made available to CLECs at the same time as the M2A, is included as Attachment A to this affidavit.

**CHECKLIST ITEM (i) INTERCONNECTION**

16. At pages 19 – 23, McLeod claims that SWBT has failed to provide collocation consistent with FCC requirements and that SWBT has presented no evidence demonstrating current compliance with collocation requirements. The situation in Missouri is no different than that in Oklahoma, which the FCC found 271-compliant. In Oklahoma, collocation terms and conditions and rates were interim based on another state's tariff; in addition, the rates for collocation were interim in Kansas at the time the FCC reviewed SBC's Kansas/Oklahoma 271 application. McLeod makes much-to-do about SWBT compliance with the Missouri arbitration award in Case No. TO-97-40, issued on December 11, 1996, on how collocation was to be provided.<sup>6</sup> The Missouri PSC specifically addressed the tariffing of physical collocation arrangements in Case No. TO-97-40 and did not require collocation terms and conditions to be tariffed. The Missouri PSC ordered at page 36 that "[s]pecific prices per location should be set by ICB pricing completed within 45 days." No CLEC has challenged this arbitration award nor asked the Missouri PSC to reevaluate

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<sup>6</sup> Arbitration Order, AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Southwestern Bell Telephone Company, Case No. TO-97-40 (MO PSC Dec. 11, 1996) (App. G, Tab 9 to our initial application).

its finding for nearly 3 years, raising these issues only when SWBT was about to update the record regarding its 271 application in Missouri.

17. There can be no doubt that the terms and conditions available to CLECs in Missouri meet the FCC requirements, because they are the same terms and conditions the FCC reviewed and approved in Kansas. McLeod claims that there is no demonstration that competitors could compete under the terms of the new tariff being developed in Missouri. However, this is contradicted by McLeod's own admission that the parties have settled the terms and conditions issues before the Missouri PSC. In fact, McLeod was a party to the proceeding in Case No. TT-2001-298 and to the Unanimous Stipulation Agreement that resulted from it regarding the terms and conditions.<sup>7</sup> Instead of addressing these issues in the state level arbitration, to which it was a party, McLeod has chosen to raise these issues in this 271 proceeding.
18. McLeod at page 24 states that "the current M2A still requires CLECs to have a point of interconnection in every exchange that is outside of the MCA..." This simply is an inaccurate statement of the facts. As discussed in my initial affidavit at paragraph 32, single point of interconnection in a LATA is available in Missouri in the M2A, section 1.3 of Attachment 11 – Network Interconnection Architecture.

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<sup>7</sup> Unanimous Stipulation Agreement, Application of Southwestern Bell Telephone Company's Proposed Tariff PSC Mo. No. 42 Local Access Service Tariff, Regarding Physical and Virtual Collocation, Case No. TT-2001-298 (MO PSC March 22, 2001) (App. D, Tab 15 to our initial application).



19. This issue was fully vetted by the Missouri PSC (see e.g., Missouri PSC 271 Order<sup>8</sup> at pages 24 – 25). In fact, at page 25, the Missouri PSC notes that “McLeodUSA stated that it was ‘fine’ with the language” regarding single point of interconnection. As the Missouri PSC comments note, all terms, conditions, and prices have yet to be established, just like in the K2A and the O2A. However, this is currently before the Missouri PSC in an arbitration case between SWBT and AT&T, as noted in my initial affidavit at paragraph 32. This is virtually the same language that the FCC approved to be 271-compliant in the Kansas and Oklahoma proceeding.<sup>9</sup> In paragraph 223 of the Kansas/Oklahoma Order, the FCC stated “[w]e also find that SWBT makes interconnection available at any technically feasible point, including the option to interconnect at only one technically feasible point within a LATA.” (footnotes omitted) The FCC should reach the same conclusion in regard to the M2A.

**CHECKLIST ITEM (ii) ACCESS TO NETWORK ELEMENTS**

20. McLeod, at pages 31 – 32, discusses “potential” problems that McLeod “expects to encounter” regarding special construction charges. McLeod notes, however, that it has “no similar experience in Missouri.” As a threshold matter, this issue is not ripe for review under the auspices of SBC’s Missouri 271 application. While the FCC has made it clear that “we will not withhold section 271 authorization on the basis of isolated

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<sup>8</sup> Order Regarding Recommendation on 271 Applications Pursuant to the Telecommunications Act of 1996 and Approving the Missouri Interconnection Agreement (M2A), Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996, Case No. TO-99-227 (MO PSC March 15, 2001) (“Missouri PSC 271 Order”).

<sup>9</sup> See K2A and O2A, section 1 of Attachment 11 – Network Interconnection Architecture.

instances of allegedly unfair dealing or discrimination under the Act,”<sup>10</sup> the issue raised here by McLeod can not even be classified as an allegation regarding SWBT in Missouri. As the Missouri PSC noted in its Missouri PSC 271 Report, it conducted “extensive hearings and comments” (page 6) and “gave each CLEC that chose to participate every opportunity to raise any issue in response to SWBT’s request for authority to provide interLATA long-distance services in Missouri.” (page 7) However, McLeod did not raise this as an issue before the Missouri PSC. *If this issue is ever encountered in Missouri, then* McLeod can properly raise it before the Missouri PSC.

21. While McLeod is noticeably short of specifics regarding special construction charges in Missouri, it appears McLeod is asserting that SWBT has an obligation under the Act to build facilities for a CLEC when no such facilities exist in SWBT’s network. This is, of course, contrary to the Eighth Circuit’s finding regarding the duty of the incumbent to build additional facilities for a CLEC under the Act. Specifically, the Court found “subsection 251(c)(3) implicitly requires unbundled access only to an incumbent LEC’s existing network – not to a yet unbuilt superior one.”<sup>11</sup>
22. Z-Tel, at pages 6 –7, continues to incorrectly assert that SWBT refuses to permit UNE-P carriers to use UNEs to provide intraLATA toll service constituting an unlawful use restriction on UNEs. Z-Tel first raised this issue in its Reply Comments filed in the

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<sup>10</sup> Memorandum Opinion and Order at ¶ 431, Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services In Texas, 15 FCC Rcd 18354, 18565 (2000) (“Texas Order”).

<sup>11</sup> Iowa Utils. Bd. v. FCC, 120 F.3d 753 (8th Cir. 1997), aff’d in part, rev’d in part sub nom. AT&T Corp. v. Iowa Utils. Bd., 525 U.S. 366 (1999).

Kansas/Oklahoma Application.<sup>12</sup> SWBT in an Ex Parte response to these comments noted that “Z-Tel’s claim is simply incorrect.”<sup>13</sup> The FCC agreed with SWBT and “reject[ed] Z-Tel’s allegation” at ¶174 of the Kansas/Oklahoma Order. The M2A language that Z-Tel is referring to, which permits UNE-P carriers to use UNEs to provide intraLATA toll service, is the same language that is in sections 2.4.1, 2.20 and 5.2.1 of Attachment 6 – UNE to the T2A, K2A and O2A (See M2A, Attachment 6 – UNE, sections 2.4.1, 2.20, and 5.2.1) It is also interesting to note that Z-Tel has found these alleged “restrictions” so restricting that it has obtained not only a T2A agreement with SWBT but also K2A and O2A agreements. The FCC should *again* reject Z-Tel’s claim.

#### **CHECKLIST ITEM (xiv) RESALE**

23. AT&T (Finney Decl., page 9 and footnote 18) compares a statement in SBC’s Application, at 82 with statements made in my initial affidavit. Specifically, AT&T quotes the Application as “Southwestern Bell’s customer-specific proposals are available for resale to similarly situated customers without triggering termination liability charges or transfer fees to the end user.” AT&T then takes out of context a quote from paragraph 158 of my initial affidavit which states: “*If a customer elects to terminate its service with SWBT, it* may be subject to termination liability agreed to by the customer and contained in the CSP.” (emphasis shows phrase omitted by AT&T) As stated in my

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<sup>12</sup> Reply Comments of Z-Tel Communications Inc., at 13 – 14, Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region InterLATA Services in Kansas and Oklahoma, CC Docket No. 00-217 (FCC filed Oct. 26, 2000).

<sup>13</sup> Ex Parte letter from Edwardo Rodriguez Jr., SBC, to Margalie Roman Salas, FCC, Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region InterLATA Services in Kansas and Oklahoma, CC Docket No. 00-217 (FCC Filed Dec. 22, 2000).

initial affidavit, a CLEC can resell SWBT's Customer Specific Proposals ("CSPs") to any customer that meets the terms and conditions of that particular arrangement. Just as the FCC reviewed in the New York Order<sup>14</sup> and in the Kansas/Oklahoma Order, termination liabilities are not triggered by assignment of a CSP to a CLEC. However, if the CSP is terminated by the customer, not just assigned in toto to a CLEC, then the customer may be subject to termination liabilities to the extent outlined in the particular CSP.

24. McLeod at pages 37 – 38 insinuates that SWBT "cannot meet the requirements of Checklist Item #14" due to language that is in the Missouri General Exchange Tariff. The Missouri General Exchange Tariff is for use by SWBT's *retail* customers and has numerous restrictions throughout the tariff. McLeod is trying to create an issue that does not exist by quoting language that is solely intended for SWBT's *retail* customers.
25. The Missouri PSC has addressed resale restrictions in an arbitration, stating "[a]ll parties agree that cross-class-sale (residential to business) restrictions as well as Lifeline and other means tested services restrictions should remain" and "[t]he Commission finds it appropriate to maintain the restrictions on aggregation of toll service for resale. Presume all other restrictions not apply until parties identify and ask explicitly for imposition."<sup>15</sup> SWBT has complied with the Missouri PSC and has adopted that language into the M2A in two different sections, mirroring the Commission's orders "[t]he Parties will maintain restrictions on aggregation of toll services for resale. All other restrictions are presumed

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<sup>14</sup> Memorandum Opinion and Order, Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York, 15 FCC Rcd 3953, 4142 (1999) ("New York Order").

<sup>15</sup> Arbitration Order at 46.

not to apply until the Parties identify and ask the Commission explicitly for imposition.”

(M2A, Attachment 1, Resale ¶ 1.12 and M2A, Appendix Services/Pricing ¶ 2.2) McLeod would not be purchasing the retail service from the Missouri General Exchange Tariff, but rather obtaining resale from the M2A, therefore the M2A language would prevail.

26. The NALA/PCA appears to be confused at page 6 stating that “SBC does not specifically address pricing in its discussion of Item 14.” Pricing of resold services in accordance with 252(d)(3) is specifically addressed in my initial affidavit at paragraph 153. The FCC, in 47 C.F.R. § 51.607, determined “[t]he wholesale rate that an incumbent LEC may charge for a telecommunications service provided for resale to other telecommunications carriers shall equal the incumbent LEC’s existing retail rate for the telecommunications service, less avoided retail costs, as described in § 51.609.” Paragraph 175 of my initial affidavit discusses the avoided cost discount established by the Missouri PSC that meets the requirements of the Act and the FCC.
27. At page 86 of the Missouri PSC 271 Order, the Missouri PSC found that “SWBT has satisfied the requirements under section 271(c)(2)(B)(xiv).” The FCC should reject the allegations of McLeod and NALA/PCA.

## **PRICING**

28. AT&T, at page 10, claims that UNE prices in Missouri “foreclose profitable UNE-based entry.” The FCC has repeatedly rejected the litmus test of competitor profitability as a requirement under the Act. See for example:

...incumbent LECs are not required, pursuant to the requirements of section 271, to guarantee competitors a certain profit margin. In order to comply with checklist item 2 of section 271, incumbent LECs must provide UNEs at rates and terms that are just, reasonable, and nondiscriminatory, and that allow the incumbent LEC to recover a reasonable profit. (Kansas/Oklahoma Order at paragraph 65, footnotes omitted)

The Act requires that we review whether the rates are cost-based, not whether a competitor can make a profit by entering the market. Were we to focus on profitability, we would have to consider the level of a state's retail rates, something which is within the state's jurisdictional authority, not the Commission's. (Kansas/Oklahoma Order at paragraph 92, footnotes omitted)

In the *SWBT Kansas/Oklahoma Order*, the Commission held that this profitability argument is not part of the section 271 evaluation of whether an applicant's rates are TELRIC-based. The Act requires that we review whether the rates are cost-based, not whether a competitor can make a profit by entering the market. Conducting a profitability analysis would require us to consider the level of a state's retail rates, because such an analysis requires a comparison between the UNE rates and the state's retail rates. (Massachusetts Order<sup>16</sup> at paragraph 41, footnotes omitted)

29. AT&T goes on to provide calculations of UNE-P rates in an attempt to draw an unfavorable comparison with rates established in other states (see e.g., Lieberman Decl.). However, a comparison of the rates in Missouri with states where 271 relief has been granted tells a different story. For example, using average rates for loops, ports, switching and transport, Missouri UNE-P monthly rates are a mere \$.08 above those reviewed by the FCC in the O2A in Oklahoma.<sup>17</sup> Indeed, Missouri rates are considerably lower than those found to be 271-compliant in New York and Massachusetts. New York rates are 4.7% higher than Missouri and Massachusetts rates are 12.7% higher than Missouri.
30. As the FCC has recognized in the Kansas/Oklahoma Order and the Massachusetts Order, the standard under the Act is a determination that rates are cost-based, not an artificial comparison to other states nor a determination of a competitor's profitability.

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<sup>16</sup> Memorandum Opinion and Order, Application by Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts, CC Docket 01-9, FCC 01-130 (rel. Apr. 16, 2001) ("Massachusetts Order").

<sup>17</sup> Even using the rates available to CLECs in Oklahoma through the Oklahoma Alternative Regulation Plan, the difference is less than \$1.00, however only one (1) CLEC in Oklahoma has taken this optional amendment to the O2A.

Nevertheless, AT&T's analysis is flawed. For example, compare AT&T Lieberman Exhibits with the Call Flow Diagrams, Attachment D to my initial affidavit for proper application of UNE charges. In addition, AT&T understates a CLEC's revenue potential when providing service to a residential customer via the UNE-P. AT&T Lieberman at page 7, estimates a \$0.20 per line for Metropolitan Calling Area ("MCA"). Since MCA is only available in certain areas in Missouri, dividing total MCA revenues by the total number of lines in the entire state seriously understates potential MCA revenue for the CLEC. MCA service is a mandatory service in the Urban zones in Missouri and SWBT does not receive additional revenue for providing this service. It is inappropriate to estimate possible MCA revenue per line based upon lines that do not have additional MCA revenue opportunities. AT&T's estimate seriously understates the potential revenue opportunity for CLECs serving those MCA eligible customers in the Suburban and Rural areas. Equally understated in AT&T's analysis is the revenue potential from access charges levied by the CLEC to interexchange carriers, toll charges to end-user customers and vertical services offered to end users.

31. To illustrate this point, the table below outlines some of the SWBT retail rates along with the applicable rate the CLEC would pay SWBT for resale and UNE-P. The customers in these examples have MCA service and subscribe to the Works®<sup>18</sup> however, there is no toll or access revenue assumed in these examples.

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<sup>18</sup> The Works® is a discounted package of vertical features that include SWBT's most popular services, such as Caller ID, Call Waiting, and Call Forwarding.

	Creve Coeur – Zone 1 Rate (Discount)	Chesterfield – Zone 2 Rate (Discount)	Gray Summit – Zone 3 Rate (Discount)
<b>BUSINESS</b>			
• Retail	\$57.06	\$70.67	\$110.61
• Resale	\$46.10 (19.2%)	\$57.10 (19.2%)	\$89.37 (19.2%)
• UNE-P	\$18.38 (67.8%)	\$27.40 (61.2%)	\$42.33 (61.7%)
<b>RESIDENCE</b>			
• Retail	\$33.34	\$43.31	\$62.02
• Resale	\$26.94 (19.2%)	\$34.99 (19.2%)	\$50.11 (19.2%)
• UNE-P	\$18.38 (44.9%)	\$27.40 (36.7%)	\$42.33 (31.7%)

This table demonstrates that CLECs are able to provide service utilizing resale or UNE-P at rates that are below, in some cases significantly below, the price paid to SWBT. As mentioned, these figures do not reflect additional revenue the CLECs will receive for toll services and access services provided to their customers.

32. WCOM (Frentrup at page 3) claims that the Texas PUC has reduced and restructured switching rates since 271 was granted. This is not the case. While the Texas PUC has established revised reciprocal compensation rates, the unbundled local switching rates were not altered.
33. El Paso/PacWest, at page ii, claims that “rates for loop conditioning are so high that they serve as a barrier to entry” and “[r]ates for collocation are so high that they impede the development of facilities-based competition.” It is unclear what rates El Paso/PacWest are referring to since the loop conditioning rates in the M2A are currently set at \$0 and the collocation rates are currently identical to those found to be 271-compliant in Texas. As described in my initial affidavit (paragraphs 168 and 172), prices for loop conditioning and collocation are currently under review by the Missouri PSC.



## **CONCLUSION**

34. As demonstrated in this affidavit, along with others, notwithstanding opposing parties' claims, SWBT is providing interconnection, access to network elements, and resale consistent with the FCC and state commission requirements and as required to receive section 271 authority.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on May 11, 2001.

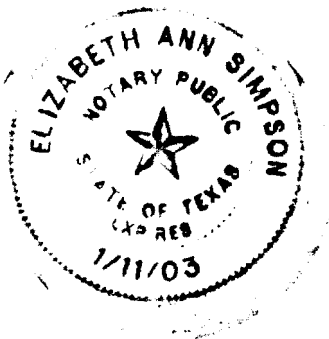
Rebecca L. Sparks  
Rebecca L. Sparks  
Director - Wholesale Marketing

STATE OF TEXAS

COUNTY OF DALLAS

Subscribed and sworn to before me this 11<sup>th</sup> day of May, 2001.

Elizabeth Ann Simpson  
Notary Public





**Sparks Reply Affidavit – Attachment A**

**M2A Optional Line Splitting Amendment –  
Appendix to Attachment 25: xDSL**

**1. LINE SPLITTING**

The parties acknowledge and agree that when the Texas Public Utility Commission approves contract language regarding line splitting in the SWBT v. AT&T arbitration, Texas PUC Docket No. 22315, or any successor docket, SWBT will provide line splitting to CLEC in Missouri on an interim basis pursuant to those same terms, conditions and rates, without the need for amending this Agreement. The availability of line splitting in Missouri at the rates set in the Texas arbitration will be interim, subject to true-up, pending the outcome of Case No. TO-2001-440 or any other proceeding opened by the Missouri Public Service Commission to investigate the permanent rates, terms and conditions for Line Splitting. Upon the effective date of an order of the Missouri Public Service Commission establishing permanent rates, terms and conditions, those permanent rates, terms and conditions will replace the interim rates, terms and conditions from Texas. The interim rates from Texas are subject to true up to the permanent Line Splitting rates to be established by the Missouri Public Service Commission. Any refund or additional charges due as a result of true up shall be paid within thirty days of the effective date of the Commission's order adopting permanent rates. The time period subject to true up shall be limited to six months, retrospectively from the effective date of the Commission's final order adopting permanent Line Splitting rates, but shall not include any period prior to the effective date of this agreement with CLEC.